



45500 Fremont Boulevard

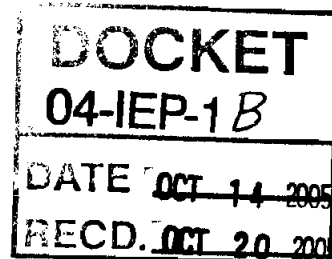
Fremont, CA 94538 USA

(510) 498-5500

October 14, 2005

04-IEP-1B

Commissioner John L. Geesman
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814



Re: 2005 Integrated Energy Policy Report

Dear Commissioner Geesman:

NUMMI is the Toyota/GM venture in Fremont, California that employs 5500 team members and produces approximately 380,000 vehicles per year. Also, NUMMI has 25 affiliated part suppliers in California that employ approximately 4000 team members. We appreciate the opportunity to comment on the issues raised on Global Climate Change in the 2005 Integrated Energy Policy Report.

NUMMI sees environmental stewardship as a very high priority. Through its concerted voluntary efforts, NUMMI has been a model of conservation and environmental innovation over the years. Its systematic review of manufacturing processes has resulted in an astounding level of source reduction, water conservation, energy conservation, recycling and the like. Along with all of its other environmental concerns, NUMMI is taking a strong interest in finding workable solutions leading to the reduction of greenhouse gases.

Because NUMMI has had such success through voluntary efforts, it truly believes that the most effective solutions to environmental concerns are those that allow industry flexibility to find improvements that work for their own business. For example, strategies involving energy conservation, energy efficiency and energy source substitution based on technically achievable cost effective standards are good solutions to reduce CO2. Such solutions allow for growth in the economy and retention of high paying jobs while improving prospects for the environment.

NUMMI is extremely concerned about potential mandates on CO2 control strategies like "cap and trade", imposing additional costs on "carbon adders" and abatement. These strategies are cost drivers, which make our plant and affiliated California suppliers more uncompetitive with similar plants in other states, North America and the world.

Currently the most pressing issue on this front is that cap and trade is being widely and seriously discussed as a good way to reduce CO2. Typically, when people are talking about cap and trade, they have in mind something similar to the Kyoto protocol, which would cap emissions at 1990 levels. This is simply not feasible for many businesses. For example, NUMMI now produces nearly twice as many vehicles as it did in 1990. If NUMMI were mandated to reduce its CO2 emissions from electric and natural gas usage to 1990 levels, an approximate 40% CO2 decrease would be needed to meet the target. Even if the cap did not limit emissions to 1990 levels, a mandated cap and trade program would be a huge disincentive to production growth in the future.

If you would like to discuss these issues further, please contact me or our consultant, Tony Fisher, at (916) 833-0723. Thank you for considering our concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Kelley McKenzie".

K. Kelley McKenzie
General Counsel

cc: Commissioner James Boyd
Commissioner Joe Desmond
Commissioner Jackalyne Pfannenstiel
Commissioner Arthur Rosenfeld